BLESSED TRADER.

Your guide to consistency in the industry of fake.

DISCLAIMER

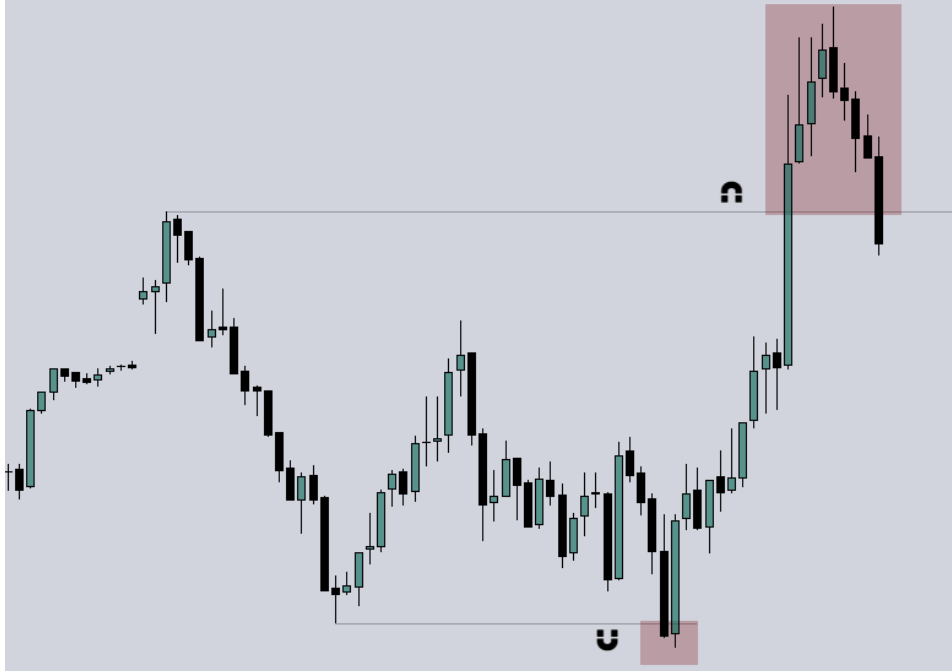
Everything here are my notes from my trading blog. I am not a financial advisor. This is not financial advice. The content is provided for informational purposes only. To make the best decision that meets your needs please do your own research. All investments carry some form of risk. Nothing is guaranteed. Please do not invest money you can not afford to lose.

LIQUIDITY

What you need to know about Liquidity?

Liquidity: In technical terms Liquidity refers to the degree which market can be quickly bought or sold without affecting the asset's price.

Liquidity will be above old lows & highs, that's where the "Smart Money" will be targeting – knocking out the liquidity that was resting below these old lows, then seek liquidity above old highs.



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Simple example of price running the Buy-Side Liquidity before heading lower.

Price expanded to the higher to take out buy stops, why? Because they (the Informed Money), will want to sell at a higher price, take the Liquidity and cover their long positions that they opened to run the price higher.

So, they aim at the Liquidity Pool (in this example BSLQ), they open long positions to push the price higher into the BS Liquidity Pool, then use that Liquidity to cover Long positions, and open Short positions at a higher price.

High resistance Liquidity

When we see market making higher highs & higher lows after already running the sell-side liquidity, we can't reasonably expect for price to drop all the way down below the main low to take those stops out. There will be a lot of resistance like:

Bullish orderblocks (unless all of them are already very clearly mitigated and it's a "Trendline Phantom in the making), then doesn't matter how much liquidity there is below these main lows.

It's a "high resistance liquidity run", so in other words, the more time price spent around that area actually making clear, one-sided moves, running sell-side liquidity, etc., the more unlikely that price will drop to the main old low despite the level of liquidity resting there.

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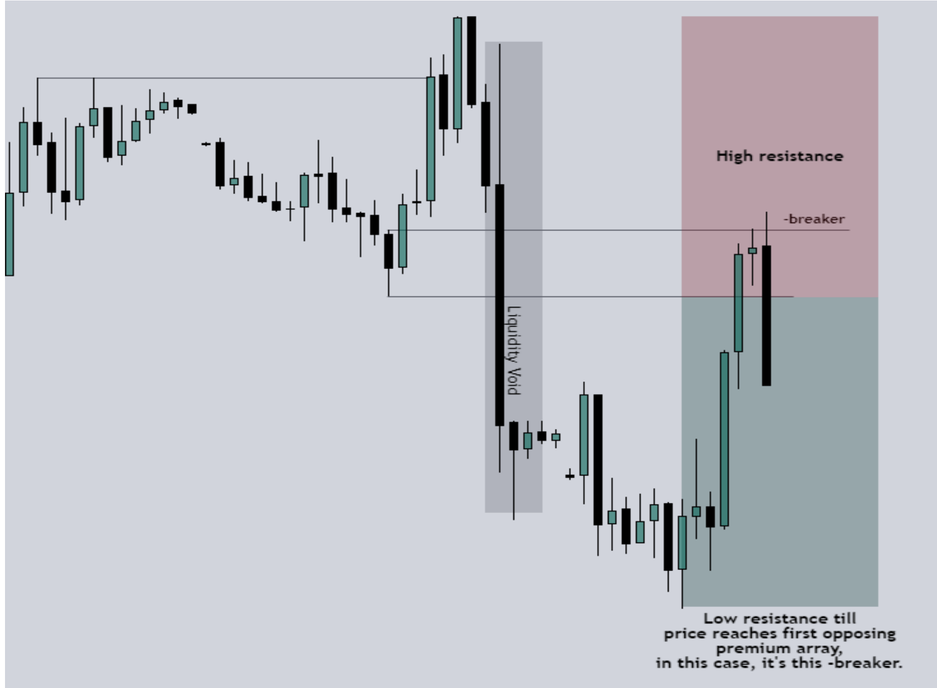
Low resistance Liquidity

What retail sees as a “double bottom” area as strong support, what we see is all the sell stops resting below (retail stop losses) – that’s our target and a magnet where the price will be drawn to.

All the double, triple tops & bottoms, consolidations that are slowly going lower or higher – that’s our target, that’s what we want to see. We’re not going to trade away from these types of lows/highs, we’re going to trade directly into it.

Low resistance liquidity run is when aggressive acceleration happens leaving liquidity void – that’s when everything that builds up to fill it is considered as low resistance until price reaches the opposing array’s, so if a big drop happened, and price starts building longs to fill it – it’s a low resistance run until price reaches first bearish array like a bearish breaker, orderblock, and so on.

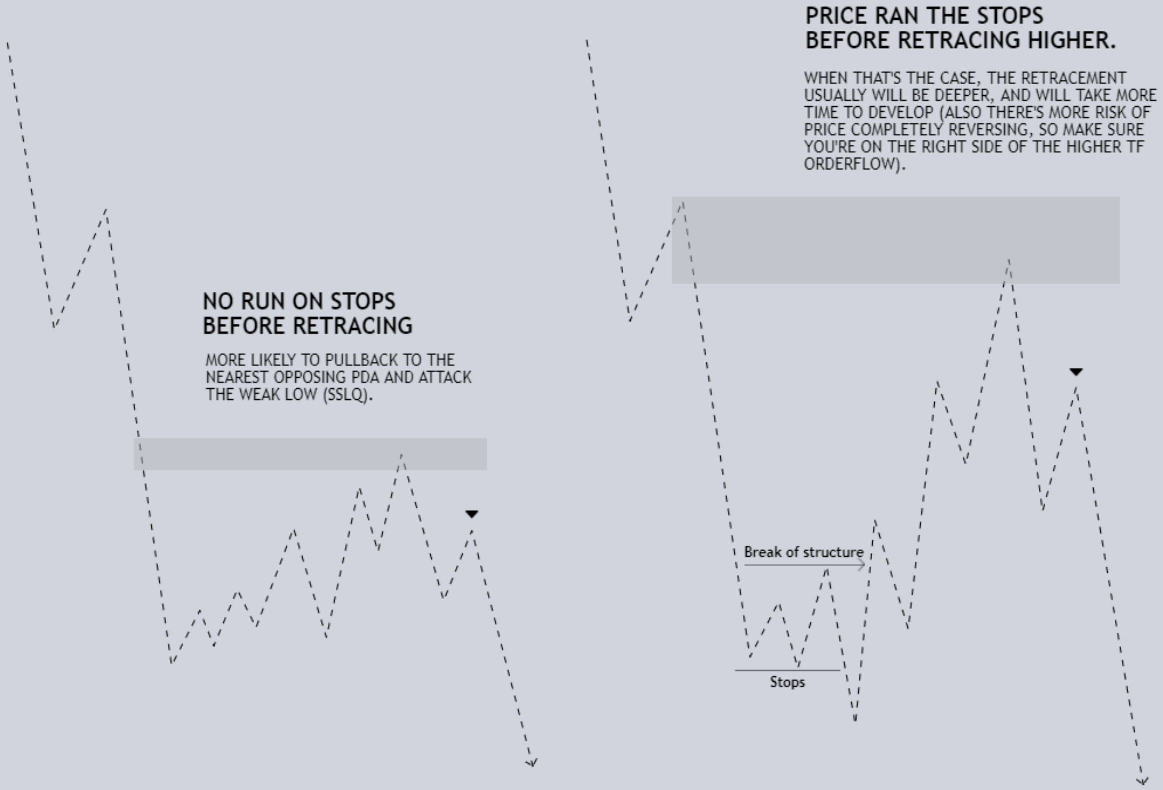


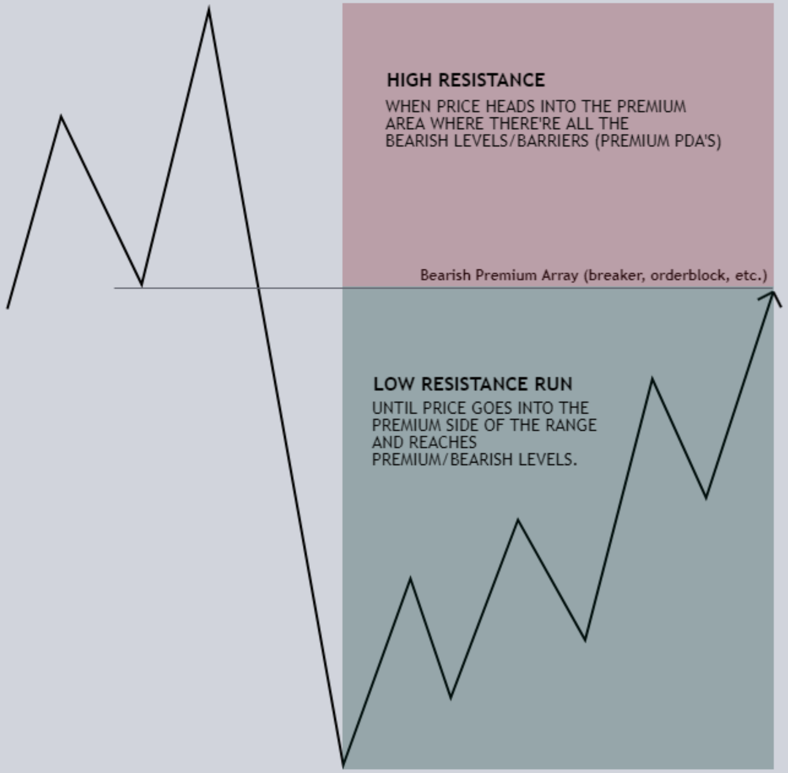
Run on Liquidity before retracing

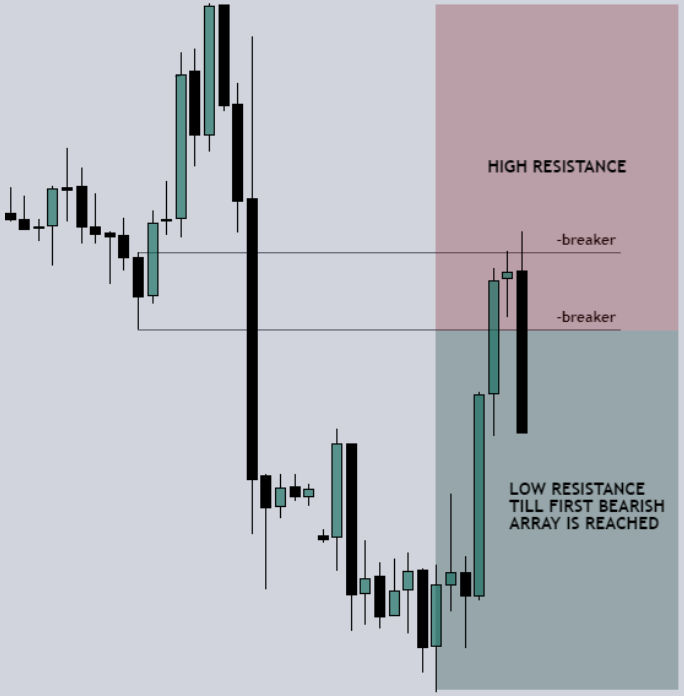
When we know what the Higher TF orderflow is we wait for retracements to ride the direction towards the Higher TF draw on Liquidity. It‘s important to pay attention not only where the price pulls back but also what it does before pulling back, so there‘re two scenarios:

1. Price will run Liquidity, give a break of structure and then pull back
2. Or after a strong expansion price will not run any Liquidity, and just slowly start to form (in this case) higher highs, higher lows

So, when price runs Liquidity before retracing – usually it will pull back deeper + the retracement will take longer AND when price does not run Liquidity before retracing, that‘s when it‘s more likely that the pull back won‘t last long, price will reach the first strong opposing level, and attack the Higher TF target + the low that price left before pulling back.




HIGH RESISTANCE
WHEN PRICE HEADS INTO THE PREMIUM AREA WHERE THERE'RE ALL THE BEARISH LEVELS/BARRIERS (PREMIUM PDA'S)
Bearish Premium Array (breaker, orderblock, etc.)
LOW RESISTANCE RUN
UNTIL PRICE GOES INTO THE PREMIUM SIDE OF THE RANGE AND REACHES PREMIUM/BEARISH LEVELS.

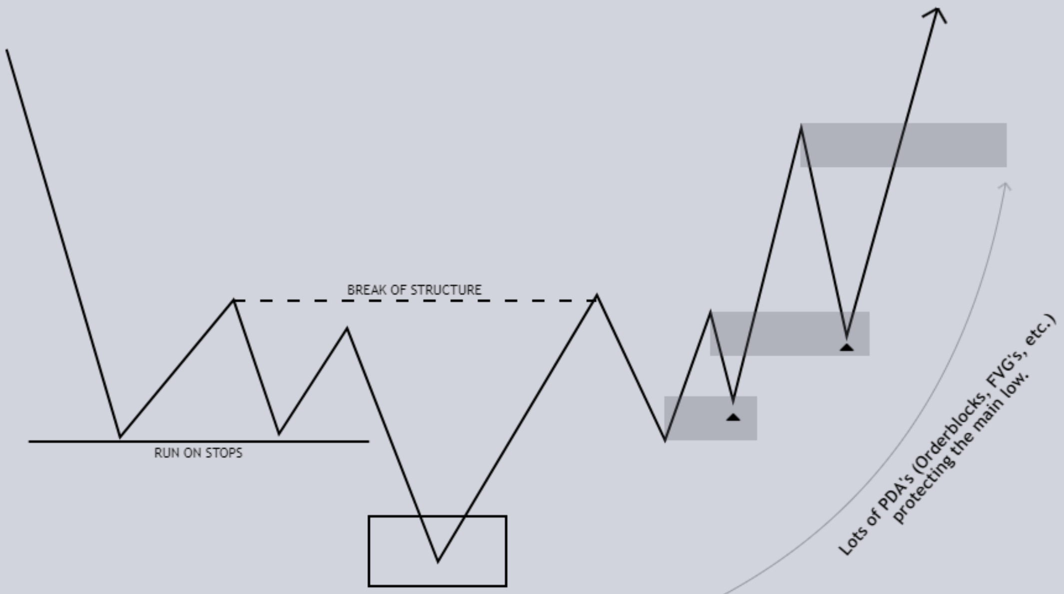

HIGH RESISTANCE
-breaker
-breaker
LOW RESISTANCE TILL FIRST BEARISH ARRAY IS REACHED


LOW RESISTANCE TILL FIRST BULLISH ARRAY IS REACHED
+OB
HIGH RESISTANCE

BAIT AND SLAM

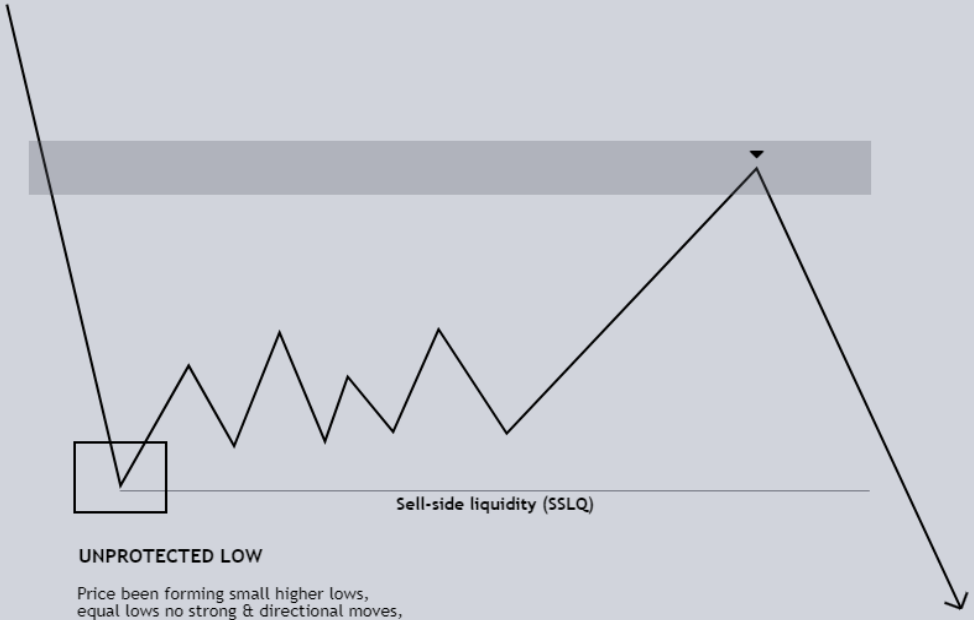
Whenever you see price not showing any directional one-sided moves, when the momentum is low and price is either forming double, triple bottoms or price forms a low then a small higher high & higher low close to it, then another one – it's like the markets are laying cheese below it – that's what we target, that's what we focus on while retail traders try to trade away from it!

It's a smart idea to build a totally separate folder just for Liquidity.
Do your analysis, explain to yourself what you think happened there save & collect screenshots like that, it will help you to understand where the price is drawn to, which areas act like "magnet".



PROTECTED LOW

Price already ran the SSLQ, expanded higher broke the structure respecting bullish levels (bullish orderflow).



UNPROTECTED LOW

Price been forming small higher lows, equal lows no strong & directional moves, the liquidity is building below it (retail stops).

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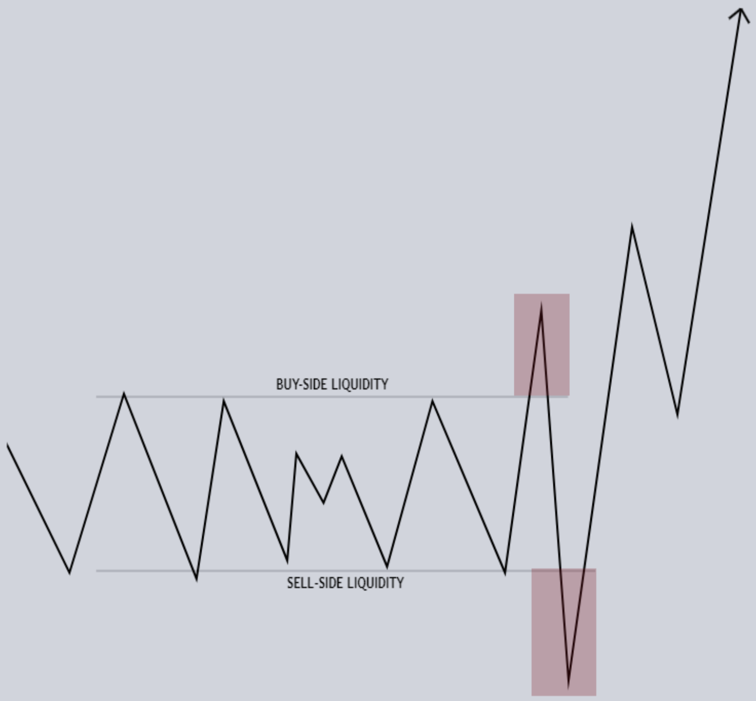
LIQUIDITY ABOVE/BELOW CONSOLIDATION

WHEN THE PRICE IS GOING SIDEWAYS (CONSOLIDATING) THE LIQUIDITY (RETAIL STOPS) ARE BUILDING ABOVE & BELOW IT, AND IN MOST CASES PRICE WILL WANT TO SWEEP BOTH SIDES BEFORE PICKING A DIRECTION.



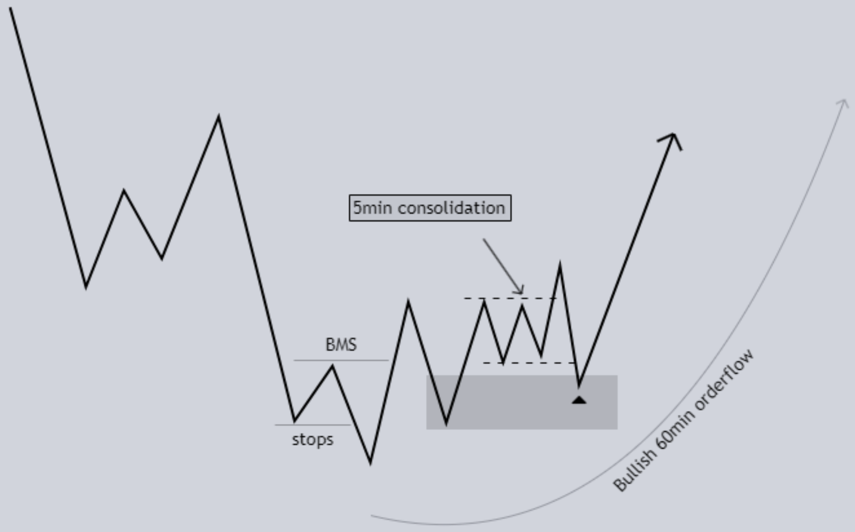
What to do when you have Liquidity on both sides, how to know which side the market is going to choose?

When that's the case, we focus on the underlying higher time-frame bias. Very important rule to remember is that higher time-frames are like a "parent" figure to the lower ones, meaning that if the 1H orderflow is bullish but there's a 5min consolidation that is building buy-side liquidity above and sell-side liquidity below there's a big chance that both sides will get swept, however, the overall direction will stay bullish.

To sum up, if we have a clear Daily target that is higher, the 1H orderflow is bullish, and 5min time-frame is stuck in a range (example on the right) – price will sweep both sides but keep on going higher until the Daily target is reached and or 1H bullish orderflow & structure is broken.

60min TF

In a bullish orderflow when the 5min consolidation happens.



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Where do we look for liquidity despite, clean lows, equal lows, consolidations, etc.?

- Highs & Lows of **Asia Session**: 08:00 PM to 00:00 AM NY time
- Highs & Lows of **London Session**: 02:00 AM to 05:00 AM NY time
- Highs & Lows of **NY Session**: 07:00 AM to 10:00 AM NY time
- Intra-day Highs & Lows before **Equity Opening:** 09:30 AM NY time

Price needs to sweep Liquidity before every strong move that's directional & momentum driven.

Before every one-sided, strong move the "Informed Money" will grab the liquidity that's resting above the highs or below the lows (where retail traders place their stop losses) to be able to open large positions.

We use this to our advantage by letting price run those Liquidity Pools into one of the levels like a bearish Orderblock (example on the right).

Notice how aggressively price moves away from that area, that's the clearest & most obvious sign that the "Smart Money" is involved – price has to run the stops and quickly move away from that area.

IMPORTANT: when price runs a liquidity pool we want to see a strong expansion to the opposite direction right away, if price is not in a rush to leave the liquidity pool that's the first sign that price is NOT ready to go. Informed money will hold the price there till there's enough liquidity swept to take off.


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RUN ON BSLQ / STOPS
Run on the Buyside Liquidity (BSLQ)
before expanding lower.
RUN ON SSLQ / STOPS
Run on the Sellside Liquidity (SSLQ)
before expanding higher.
14
12:00
15
09:00
17
18
12:00
19
12:00
20
12:00
21
12:00
22
09:00
24
25

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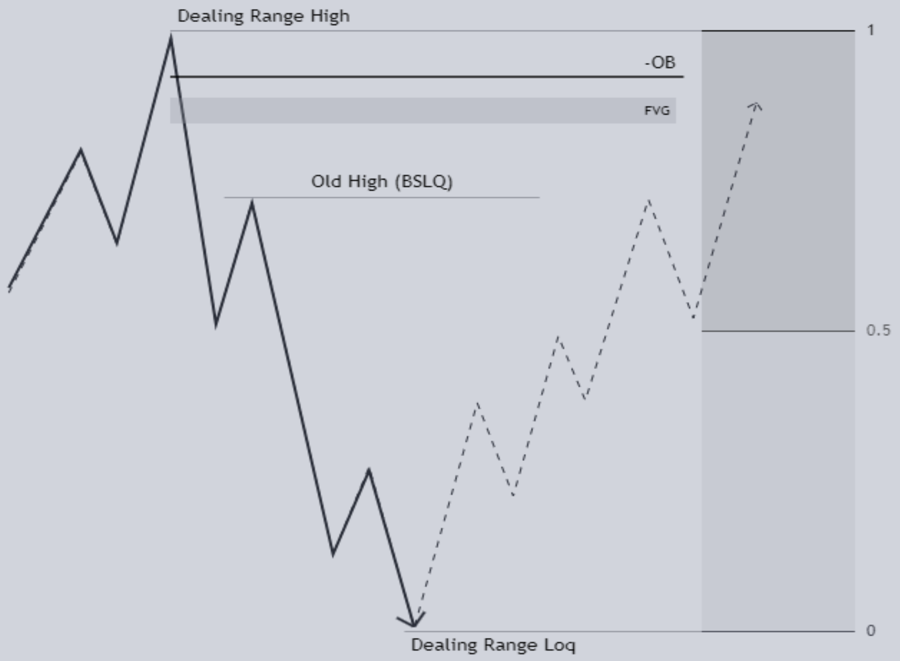
LIQUIDITY MATRIX

To find price exits firstly we must understand the Liquidity Matrix (define the price range before the setup forms).

What's the dealing range high & the dealing range low? – this is how we define a PREMIUM Side of the range and the DISCOUNT side of the range.

If the Market is in the Premium – we expect a Sell Program to occur, we want to find the counter levels, opposing Premium/Discount Array's (PDA's) to cover our position, and vice versa when the market is in the Discount – we expect a Buy Program to occur, we want to find counter levels, opposing PDA's to cover our position.

Main levels we use as exits: Liquidity, FVG, Equilibrium of the range, BISI/SIBI midpoint (CE), opposing breakers, orderblocks.



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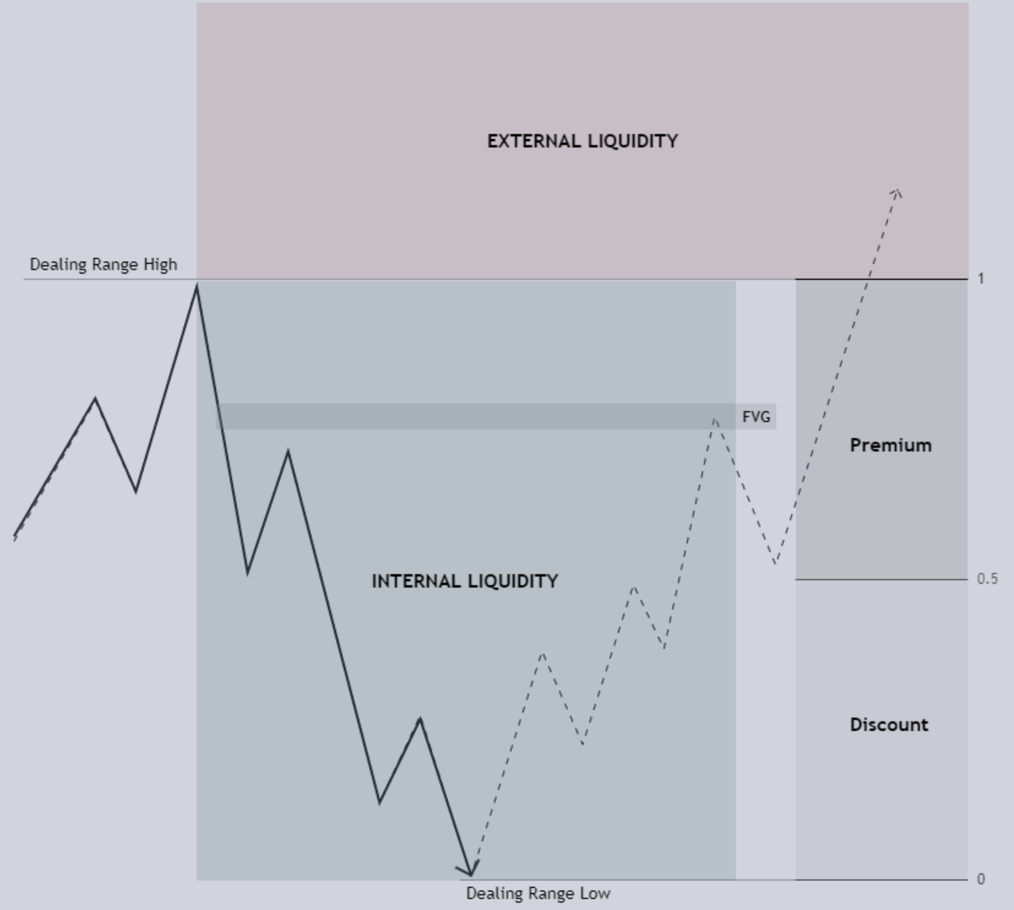
Internal Liquidity & External Liquidity

In simple terms – everything that's happening inside the current dealing range is "Internal Liquidity", and everything that's happening outside the current dealing range is "External Liquidity".

Imagine this – you have a dealing range, you bought in the Discount area, price starts expanding higher, reaches Premium side of the range, you take partials when price trades into a Premium FVG, and then you see price completely breakout above the main (highest) premium level – that's where price enters the External Liquidity area (example on the right).



INTERNAL LIQUIDITY

EXTERNAL LIQUIDITY

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WHEN WE HAVE A CLEAR ORDER FLOW AND A HIGHER TF DRAW ON LIQUIDITY (TARGET)

VERY IMPORTANT TO UNDERSTAND THIS - We enter on the INTERNAL LIQUIDITY & TARGET THE EXTERNAL Liquidity.

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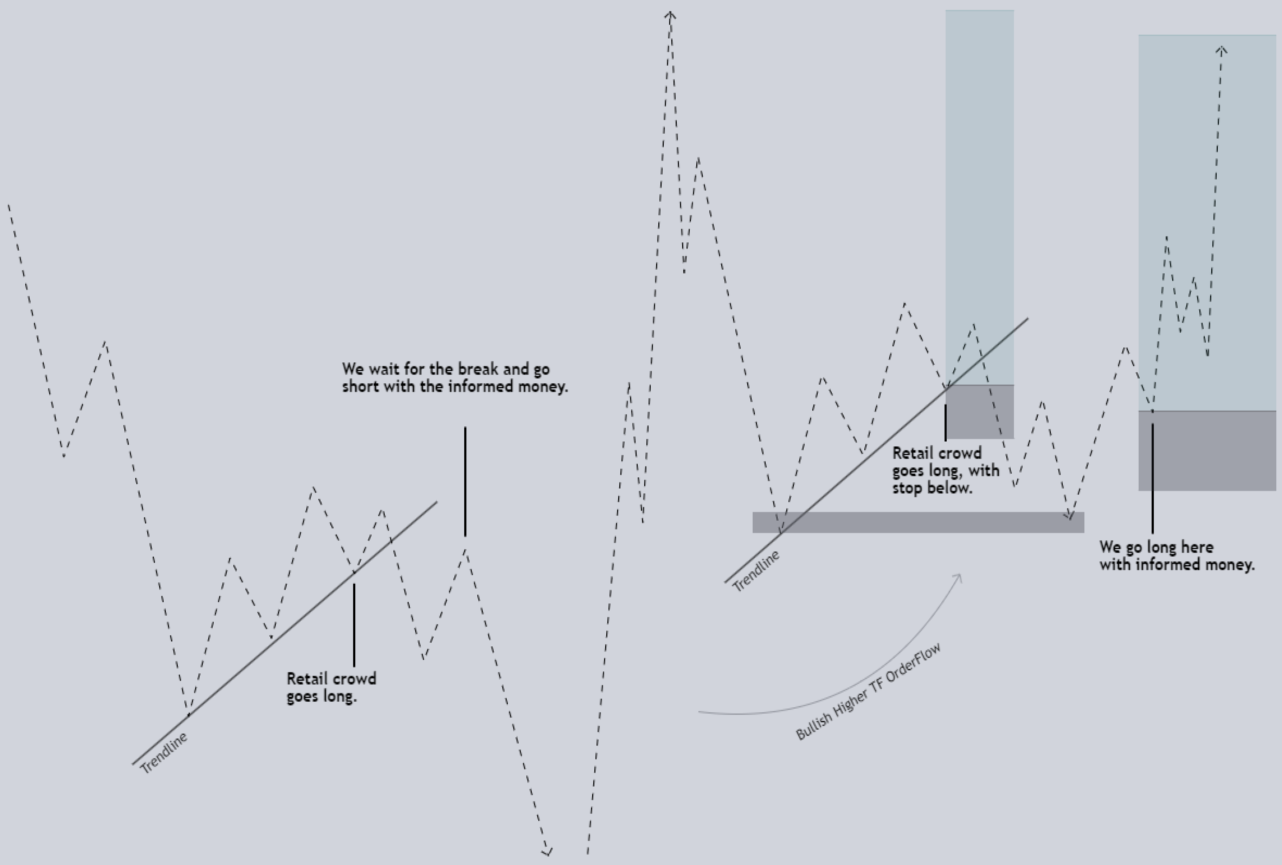
Market Maker Trap - Trendline Phantom

When the price is making higher highs & higher lows, and you can connect all of them using a "Trendline" which in the retail world should act as "Support" that's when you have to instantly think about all the Liquidity that is resting below it as the retail traders are going long and placing their stop losses below that "Support", so Liquidity Pool builds up very quickly below that trendline - the informed money will want to attack. Uninformed money provides liquidity for the market makers.

So, two scenarios will happen from there – if it's a let's say 5/15min trendline but the 1H, 4H orderflow is bullish, the market makers will drag the price lower, sweep all the retail stops, and aggressively push higher. Another scenario – as the retail crowd have no understanding about the Premium/Discount Liquidity Matrix, retail traders will keep on buying in the Premium area, and they're not aware that price reached a strong Premium Array, level like a bearish -OB, and then from the price is just going to collapse on them and reverse completely.

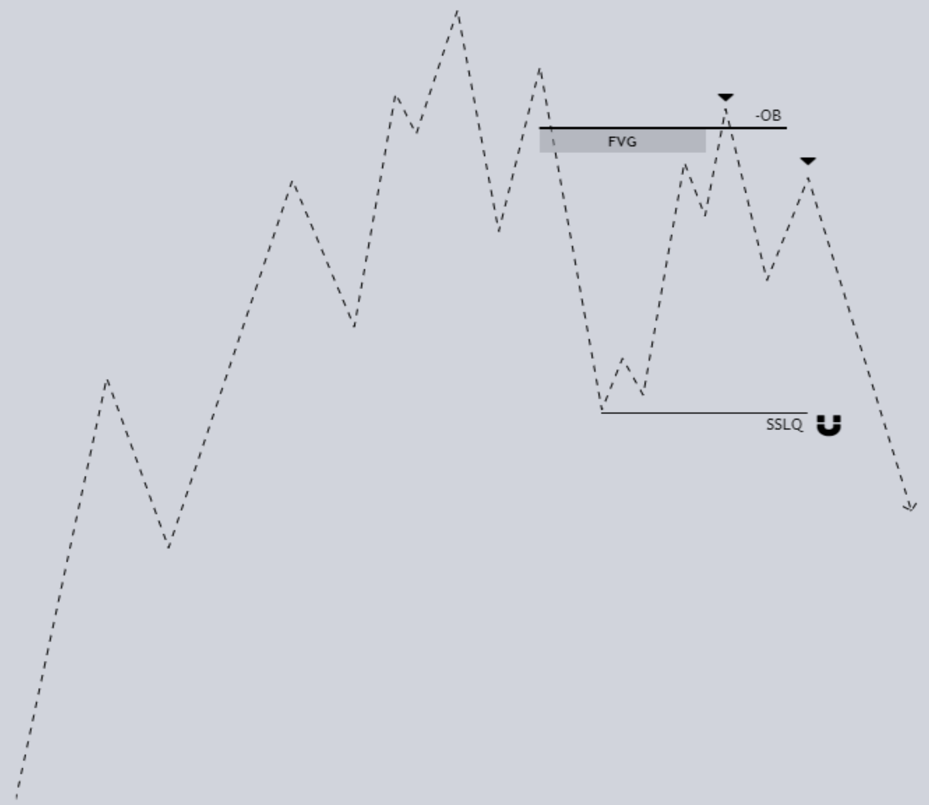


Institutional Order Flow

When we're looking at the institutional order flow, you have to think like a market maker – where is the maximum level of Liquidity in relationship with where the markets traded from and where it's at right now.

Scenario on the right: market created this huge imbalance by going down really fast, then they filled it by coming back + reached and rejected the bearish orderblock.
So from there where's the biggest amount of liquidity resting?

Right below the equal lows.



Institutional Levels (Big Figures)

Institutional levels & big figures are another draw on liquidity. Usually we line it up with a few other confluence factors like Premium/Discount arrays, Fibonacci extension levels, external liquidity, and so on.

The levels you need to pay attention to are the big figures that end with: 0 / 2 / 6 / 8.

Price will always gravitate towards these levels. Few totally different examples using these numbers: 1.00; 1.0200; 0.9600; 2.800.

When you see a big figure like let's say 1.200 – if price is trending up/down towards it, draw a 4 x 10 pip boxes up/down using the drawing tools, then line it up with all the other confluence factors - these are your exit points.

Price in most cases won't go more than 40 pips above/below the big figure without retracing back into the newly created range.

REAL EXAMPLE FROM JULY 14TH, 2022 (15MIN CHART)

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